

The planned cost of operation (i.e., actual direct operating costs) should be forecasted for the next fiscal period based upon preceding costs plus any unusual anticipated changes. The cost of forecasted operations would include funds to replace retiring vehicles plus any fleet expansion. This method will enable MFM to develop the amount of money it needs to collect from its customers via the rates without using inflation factors, which should satisfy federal requirements. At the completion of each year, any excess surplus of funds will be used in developing the actual direct operating costs for the subsequent year.

**9. If the Garage continues to operate, MFM should institute several operational changes to reduce the cost of the operation.**

**a. All Garage personnel should report all time to specific categories of work such as time on work orders, time spent filling in for non-mechanic personnel, time spent removing parts from unusable vehicles, time spent getting parts, etc.**

Mechanics should record how they spend their hours at work. Currently the mechanics only record time spent on work orders, and as already stated earlier in this report they spend only approximately 53% of their time on repairs. Supervision stated that the remainder of the time was spent on other types of work but when asked for estimates of these times, they were unable to provide estimates of the amounts.

Division management should establish performance goals for the garage relating to the percent of time on work orders, and percent of time by category on other categories of standard recurring work. Typically, percent of mechanics' time on work orders should be or exceed an average of 80%.

**b. Specific guidelines/policies should be established for the two in-take people to follow relating to assignment of work orders, when to send vehicles to outside repair facilities, which outside repair facilities to send them to, and when to send them.**

The guidelines/policies should be simple and clearly stated to insure that mechanics paid the same salary are all assigned the same level of work. Currently, very little analysis of any of the mechanics' work occurs, and some mechanics are given the simplest repairs while others are given the more complicated repairs but they are paid the same.

Several repairs such as some p.m.s, NC Safety Inspections and tire repairs, are sent to public sector repair facilities when the repairs are well within the technical capability of garage personnel that should be able to perform the work at lower costs. Also, increasingly, it seems that the Garage is retaining the simplest of repairs and sending the more complicated ones to outside facilities when the in-take people do not accurately know if the MFM costs would be lower. (*Note: If a mechanic's pay is determined by the degree of complexity required in the job but work assigned is not as complex, the pay grade may be too high.*) Periodic examination of invoices from the private sector repair facility should be conducted for the purposes of determining if what was done is what was requested and at what price. The Vehicle Maintenance Supervisor should randomly check invoices to assure that sound decisions are being made.

**c. All time to complete work performed in the Garage should be compared to industry standards.**

When management does not provide a reasonable expectation of the amount of work an employee is expected to accomplish, the employee determines the amount. Some employees are very conscientious and set high personal performance expectations while others set ones much lower. The Garage has not set any performance expectations and does not evaluate/compare time (or cost) to perform a repair with any industry standard. It is therefore not surprising that productivity of the Garage is low. The vehicle repair industry has repair standards